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March 3, 2014



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VIA EMAIL AND U.S. MAIL

Darrell Nitschke
Executive Director
North Dakota Public Service Commission
State Capitol Building, Dept. 408
600 East Boulevard
Bismarck, ND 58505-0480

**Re: Otter Tail Power Company
Advance Determination of Prudence -
CapX2020 Group 1 Application
Case No. PU-09-676**

**Northern States Power Company
Advance Determination of Prudence -
CapX2020 Group 1 Application
Case No. PU-09-678**

Dear Mr. Nitschke:

Northern States Power Company, doing business as Xcel Energy, and Otter Tail Power Company (Otter Tail) (collectively Applicants) in the above-referenced cases, provide the following update to the North Dakota Public Service Commission regarding the CapX2020 Group 1 Projects.

Status of MVP Order

Pursuant to ordering clause 5 of the November 10 Order, and paragraph 6(d) of the Settlement of Continued Prudence in the above referenced cases, Applicants are required to provide updates to the Commission on the status of any proceedings related to the cost allocation methodology applicable to the Brookings Project which may arise before the Federal Energy Regulatory Commission (FERC) or any court of competent jurisdiction.

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In our November 8, 2011 update on the status of the cost allocation methodology we informed the Commission that FERC's order and order on rehearing approving the cost allocation methodology applicable to the Brookings Project (*Midwest Independent Transmission System Operator, Inc.* 133 FERC ¶ 61,221 (2010); order on reh'g, 137 FERC ¶ 61,074 (2011)) were appealed to the United States Court of Appeals for the D.C. Circuit (D.C. Circuit) and the United States Court of Appeals for the Seventh Circuit (Seventh Circuit). The Seventh Circuit was selected as the venue for the filed appeals.

The Seventh Circuit heard oral argument for the appeal on April 10, 2013, and issued an opinion on June 7, 2013. *Ill. Commerce Comm'n v. Fed. Energy Regulatory Comm'n*, 721 F.3d 764 (7th Cir. 2013). The Seventh Circuit affirmed the challenged orders, except the challenge by the departing MISO members was dismissed as premature and the determination regarding export pricing to PJM Interconnection, LLC was remanded for further analysis by the FERC. *Id.* at 781.

On February 24, 2014, the Supreme Court of the United States denied a petition to challenge the Seventh Circuit's decision, thereby upholding the Seventh Circuit's determination that FERC properly considered and approved MISO Multi Value Transmission Projects (MVP).

Please feel free to contact Paul Lehman at (612) 330-7529 or Dean Pawlowski at (218) 739-8947 if the Commission requires additional information or has any questions.

Respectfully,

/s/ Paul J Lehman

Paul J Lehman

Manager, Regulatory Compliance and Filings
Northern States Power Company

/s/ Dean Pawlowski

Dean Pawlowski

Principal Engineer
Otter Tail Power Company